







U.S. and Russia Agree To Train Forces Jointly For Peacekeeping Effort

By Barton Gellman
Washington Post Service
WASHINGTON — In another milestone of cautious friendship between old Cold War enemies...

The training, which is likely to be performed in Germany, Russia and the United States...

A handful of previous cooperative contacts between U.S. and Russian forces...

In the four decades after World War II, the American fear was that the Soviet war machine might make a well-coordinated thrust into Western Europe...

One concern, according to senior U.S. planners...

General Grabevich surprised Mr. Aspin on Wednesday by saying he would like to see deployment of Russian and American troops to-

gether in a peacekeeping operation. One official said Mr. Aspin welcomed the idea.

U.S. strategists consider the Russian military "the most important" domestic constituency for President Boris N. Yeltsin...

"If the military doesn't participate, there's no coup," he said.

Partly for that reason, the Clinton administration is eager to foster a range of contacts that would give large parts of the Russian military a stake in cooperation.

But there is a delicacy to the emerging relationship, because U.S. officers are divided about giving their Russian counterparts too much of what they want most: the technological, doctrinal and operational wherewithal to close a long-standing gap in quality.

Since the Gulf War, Russian military journals have strongly suggested a desire to emulate the training and high-technology equipment of the U.S. forces.

That is more than some U.S. planners are bargaining for. "All the exercises we've run with them so far have been nonlethal," said a senior officer involved in the policy debate.

A senior civilian official said, however, that Mr. Aspin was determined to "support the overall effort to sustain reform" in Russia and was prepared to "enhance their military capabilities" as the price for attracting Russian military backing.

EUROPEAN TOPICS

A War of Ribbons

Over Basque Terror

More and more Basques and other Spaniards are publicly displaying their opposition to the terrorist tactics of the Basque group ETA.

The European Commission is drafting proposals to close such loopholes. For now, industry spokesmen say, EC regulations on tap water are more stringent than those for mineral water.

The Times, incidentally, had its food writer, Robin Young, do a blindfold test: He found Strathmore "pleasant," Ferrero too carbonylated and Evian "lively and refreshing."

Mr. Rhee's office said that he would have no comment on the allegation.

In the case, two young men are charged with a November 1992 firebombing in the western town of Mollin, which took the lives of three Turkish citizens, all female, aged 51, 14 and 10.

The lawyer singled out Defense Minister Volker Rhee, formerly chairman of the governing Christian Democratic Union.

The lawyer who made the charge against Mr. Rhee, Hans-Christian Stroebel, represents relatives of two of the victims.

It was the first time since the current wave of violence against foreigners began two years ago that a lawyer has sought to blame politicians for inciting racist attacks.

"Politicians share responsibility for these acts because they have made irresponsible statements aimed at heating up the emotional climate in this country," Mr. Stroebel said in an interview Thursday.

"Various politicians are responsible, but we have singled out Mr. Rhee because he did more than simply make public remarks," Mr. Stroebel said. "He issued directives urging his party to use the presence of foreigners in Germany as an election campaign issue."

A government prosecutor said he opposed calling Mr. Rhee, and asserted that Mr. Stroebel was pursuing "goals which are not relevant to this case."

In a 16-page brief filed Wednesday, Mr. Stroebel quoted what he said was a directive that Mr. Rhee issued to local Christian Democratic party groups. In the directive, he asserted, Mr. Rhee urged local party leaders to declare that their communities "cannot bear any more asylum-seekers."

"This campaign was expressly designed to stir up prejudice and fear," Mr. Stroebel asserted in his brief.

Much of the brief is a catalogue of comments by politicians opposed to Germany's asylum policy. That policy was tightened by a new law that went into effect July 1, but the constitution still guarantees asylum to anyone who suffers political persecution at home.

The brief quotes Karl-Dietrich Spranger, now a member of Chancellor Helmut Kohl's cabinet, as saying: "The storm of false asylum-seekers is becoming an ever greater problem for our domestic security."

Mr. Kohl himself is cited for declaring: "The flood of asylum-seekers must be stopped."

The brief also quotes some leaders of the opposition Social Democratic Party as making what he says were incendiary statements.

"Many asylum-seekers come from cultures and civilizations that are completely foreign to us," Horst Niggemeyer, a member of parliament and mayor of the western town of Datteln, is quoted as saying.

Turks' Lawyer Accuses Bonn Politicians

By Stephen Kinzer
New York Times Service

BERLIN — A lawyer representing relatives of three Turks killed in a firebombing attack in Mollin last year has asserted in court that senior German politicians share responsibility for the attack.

The lawyer singled out Defense Minister Volker Rhee, formerly chairman of the governing Christian Democratic Union.

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Germany to Delay Amnesty for Stasi

Reuters

BONN — Communist agents who opened private names of harassed dissidents in former East Germany will face the risk of prosecution for another two years under a draft law to extend the statute of limitations for their crimes.

Norbert Geis, legal policy expert in parliament for Chancellor Helmut Kohl's Christian Democratic Union, said Thursday that all mainstream parties had agreed on a bill to be brought into parliament.

The law would extend the statute of limitations to Jan. 1, 1996, for less severe offenses, a limit that was due to have expired on October 3, 1993.

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As the October date neared, Eastern politicians joined by a chorus in the West calling for an extension of the time available to prosecute members of the former Stasi secret police.

Greek Leader Calls Early Elections

By Paul Anastasi
New York Times Service

ATHENS — Greece's conservative prime minister, Constantine Mitsotakis, dissolved the parliament on Thursday and called new general elections seven months earlier than scheduled after losing his slim majority.

The move, which followed the withdrawal of dissenting deputies within Mr. Mitsotakis's party, may lead to a return to power by the Socialists, led by Andreas Papandreu, or to a conservative coalition government between the governing party and the same group that overtook it.

Under the constitution the elections must take place next month. The date will be set by the president.

"The government is seeking a renewal of its popular mandate so as to successfully tackle the major national and economic issues facing the country," Mr. Mitsotakis said.

Referring to the breakdown of the party which brought down his government, he added: "Greece cannot continue under a climate of underhand dealings and the undermining of the government's work."

Mr. Mitsotakis conceded that his government's tough economic austerity policies, which in effect had been dictated by the European Community as a condition for Greece's equal membership, had created popular discontent and had facilitated the Socialists and other critics seeking his removal.

But he said he was proud of this policy and would continue it if re-elected.

The parliamentary breakdown occurred when a deputy of the governing conservative New Democracy Party announced Thursday that he was abandoning the party and

becoming an independent. This left the government with 150 seats in the 300-member parliament.

The development came as the climax to a drawn-out dispute between the prime minister and his former foreign minister, Antonis Samaras, whom he dismissed in March 1992 in a dispute over the handling of the Macedonia issue with the neighboring former Yugoslav republic.

Mr. Samaras formed a separate, small, center-right political party called Political Spring, and early this week called on deputies supporting his movement to withdraw their support from the government.

The dissidents' criticism focused mainly on the government's failure to compel the neighboring former Yugoslav republic to abandon use of the name Macedonia, which Athens sees as a theft of its cultural heritage and as implying territorial claims against northern Greece.

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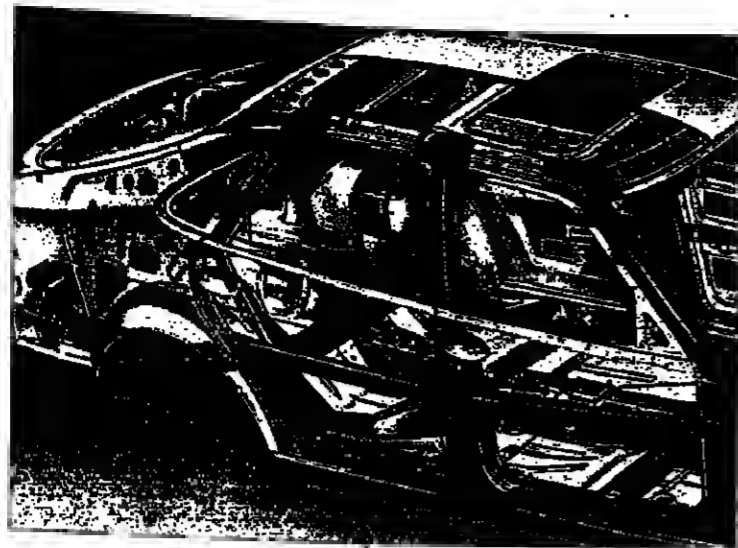
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REAL ESTATE MARKETPLACE: A grid of various real estate advertisements including 'REAL ESTATE INVESTMENTS', 'DOMINICAN REPUBLIC', 'FRANCE PROVINCES', 'FRANCE RIVIERA', 'GREAT BRITAIN', 'PARIS & SUBURBS', 'USA RESIDENTIAL', 'REAL ESTATE TO RENT/SHARE', and 'REAL ESTATE TO RENT/SHARE'. Includes contact information and descriptions of properties.

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# REACHING FOR PEACE / 'ONLY OPTION WE'VE GOT'

## Some of the Exiles Arrive Back in Israel

By Joel Greenberg  
New York Times Service

JERUSALEM — Nine months after it expelled more than 400 accused Islamic militants to Lebanon, Israel returned nearly half of them Thursday, raising concerns among Israeli officials that they would fuel opposition in the occupied territories to an accord on Palestinian self-rule.

The returning deportees are reputed members of Hamas and Islamic Jihad, groups that are vehemently opposed to peace with Israel and reject the self-government plan.

Buses carrying 181 Palestinians, their windows painted white, crossed into Israel from southern Lebanon, where the deportees had been living since last December in a tent camp just north of Israel's self-declared "security zone."

Israeli officials said the Palestinians would be taken to detention centers for questioning. Those suspected of violence or who had been serving jail terms before the deportation will remain in prison, while the rest will be released over the next few days, officials said. The security authorities have sought to avoid a mass release to prevent street demonstrations by supporters of the returning Palestinians.

Expelled on Dec. 17 for periods of 18 months or 2 years, depending on the charges against them, the

deportees had been accused by Israel of being fund-raisers, organizers and political and religious leaders of Hamas and Islamic Jihad.

In February, Israel agreed to return 101 deportees and to halve the expulsion period of the rest. It was part of an agreement with the Clinton administration to stave off UN sanctions and to help restart the Middle East peace talks, which had been broken off by Arab negotiators after the expulsions.

The deportees originally rejected the offer, but accepted it last month, citing dwindling interest in their cause and their failure to prevent a resumption of the talks. About 200 deportees remain in Lebanon. They are to return in December.

Although Israel felt it had to abide by its commitment to bring the deportees home, it was not happy about it. Mordchai Gur, deputy defense minister, said their return might "breathe new life" into militant Islamic groups and set off unrest in the occupied territories.

"At a time of negotiations, this return is not convenient," he said. "However we are taking every measure to reduce the risk involved in bringing them back."

The deportees had been sent into exile after five Israeli soldiers were killed in December and Hamas claimed responsibility for the attacks.

## On the West Bank, a Distant Dream Is Finally Coming True

Washington Post Service

JENIN, Israeli-occupied West Bank — Sabreit Abu Farha could hardly be heard over the din in the yard of the Jenin Boys Preparatory School, where the student marching band was making a clamorous entrance under the Palestinian flag of green, white, red and black.

"I'm not a politician," said Mr. Farha, 55, the headmaster of the aged school in a Palestinian refugee camp. "But all the steps point to a Palestinian state, maybe in three years. It must happen."

Only a month or two ago, most Palestinians inside the West Bank and Gaza Strip would have scoffed at his prediction. After 26 years of Israeli occupation, the idea of a state seemed to be a distant dream. Over the last five and a half years of the Palestinian uprising, or *intifada*, even the display of the Palestinian flag was considered an offense by the Israelis.

But the Palestinian flag was now flying unfettered in the courtyard — and from the rooftop and the podium. Posters of Yasser Arafat, chairman of the Palestine Liberation Organization, were everywhere. And this time there were no Israeli soldiers in sight.

The tableau in the schoolyard illustrates the surge in hope that has spread throughout the West Bank and Gaza Strip in the week since Israel and the PLO unveiled a secret agreement for Palestinian self-government. Even though it falls far short of statehood, Palestinians have been told by their leadership that it will lead to statehood, and they believe it. Even though the agreement starts with limited self-rule in poor Gaza Strip and the West Bank town of Jericho, Palestinians have seized on it as the beginning of something.

"It's a good agreement and the only option we've got," said Fouad Rouam, a 23-year-old student at Bir Zeit University, at another rally there for supporters of the agreement. "In the future it gives us an ambition to establish a state. This is the only chance given to us to make peace with the Israelis, and also it's the same chance for the Israelis."

"During the intifada, both nations lived in confusion and without aims. And this agreement gives us some room to

solve the problem," he said. "It's good for both of us. It's a good start, and it's better than continuing the way we were."

After the Madrid peace conference in October 1991, Palestinians were buoyed by a swell of expectations, only to be disappointed when the negotiations

and the establishment of a government headed by the PLO with elections to follow in nine months.

In both the West Bank and Gaza, the agreement has been greeted by enthusiastic rallies sponsored by Fatah, the leading faction inside the PLO. A few protests called by Hamas, the militant Islamic movement, have been poorly attended.

The Palestinians have been through a series of punishing economic setbacks in the last few years that crushed expectations for improvement in their day-to-day lives. The expulsion of 300,000 Palestinians from Kuwait cost families in Gaza and the West Bank hundreds of millions of dollars in lost remittances each year. The Israeli closure of the territories to Palestinian workers, which remains partly in effect, slashed incomes even more. The deteriorating financial condition of the PLO and the stalled peace talks in Washington had created a gloomy outlook.

But in the last week, those worries have seemed to melt. Both Israel and the Palestinians, as well as European countries, are talking about a massive economic

development program to lift standards of living and create jobs. The first year of the Gaza-Jericho plan could bring some relief to many Palestinians whose economic situation has been strained. At the same time, Palestinians will be thrust into elections throughout the territories which, some say, will also lead to a sense of taking control of their own future.

"Two years ago, people could only talk about peace," said Naef Swetaat, an activist in Fatah who spoke to the Jenin rally. "Now it is happening on the ground, and the PLO can take part and actually represent the Palestinians."

"When we first heard the news it was like a dream, and people could not comprehend it," said Zakaria Tarifi, a Fatah activist. "But they realize now that Israel is really talking to the PLO and it means a lot — it means a Palestinian state."

Actually, the agreement does not go that far. It will set up an interim Palestinian government that will be put immediately in control of the Gaza Strip and Jericho, and later will expand its authority in the West Bank, excluding the Jewish settlements. — DAVID HOFFMAN

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**'This is the only chance given to us to make peace with the Israelis.'**

Fouad Rouam, University student

bogged down. At Madrid, Palestinians were given a place at the table under humiliating circumstances but the PLO was barred from a formal role. This time, however, their hopes have been raised by the promise of something tangible: a relatively quick easing of the Israeli occupa-



A deportee kissing the ground in Israel's self-declared security zone in Lebanon as militiamen called others forward for return to Israel.

## PITFALLS: A Question of Speed

Continued from Page 1

leaders, as well as a possible backlash by diehard Israeli settlers.

"If this agreement is to stick," said Sir John Moberly, a consultant to the Middle East research program at the Royal Institute of International Affairs, "then there has to be some feeling that peace is going to bring practical dividends in terms of better chances for jobs, training, education and so on."

"In Gaza, in particular, is there going to be a willingness on the part of the Israelis to allow more people to go and work in Israel in the way they used to?" he asked. "Because where else are the Palestinians going to get results in a hurry?"

In Amman, Palestinian officials said the PLO will propose an \$11.6 billion development plan for the West Bank and Gaza Strip that amounts to an economic blueprint for a future Palestinian state, according to Reuters.

ians to renounce the intifada, she said the real challenge is how to redirect the uprising into a positive struggle for jobs, businesses and a future.

Following formal recognition, the two sides are expected to sign an agreement in Washington on Monday.

In a second stage, a Palestinian Council will be elected within nine months to govern the West Bank and Gaza for a five-year interim period. The council would control Palestinian police, utilities and welfare agencies.

The experts said the coming nine months or so until the council is elected is certain to be dangerous as Palestinians try to fix an economy wrecked by 26 years of military occupation. At the same time, they may have to face a possible terrorist campaign against moderate

## PEACE: Mutual Recognition Pact

Continued from Page 1

next week, it could radically change not only the conflict between Jews and Palestinians but also the political map of the Middle East. Some Arab countries are also reportedly preparing to recognize Israel. Foreign Minister Shimon Peres said Thursday that Israel was close to an agreement with Jordan.

Mr. Rabin told members of the Israeli Knesset, or parliament, from his Labor Party that the whole negotiation with the PLO "gave me stomach problems, but I came to the conclusion there was no Palestinian partner other than the PLO."

He added: "You make peace not with friends, but with enemies. I'm not trying to beautify the PLO — they were an enemy, and they continue to be an enemy."

The documents immediately came under fire in Israel, where an opposition Likud member of parliament, Ariel Sharon, charged that Mr. Arafat had killed more Jews than anyone except for Hitler. Rightist protesters continued to hold demonstrations outside the prime minister's office.

**Arafat Awaits Invitation**  
Mr. Arafat said he would attend the signing of the self-rule agree-

ment in Washington if he was invited by President Clinton. Reuters reported from Paris, quoting French television.

"I would like to be there," he told Antenne-2 in a telephone interview from Tunis. "It will depend on the invitations we will receive from the White House."

In Washington, Hanan Ashrawi, spokeswoman for the Palestinian delegation to the Middle East peace talks, urged Israel to prove that peace was real by lifting a six-month-old closure of the West Bank and Gaza and releasing prisoners.

**Israelis Permit Burial Of PLO Aide in Nablus**

AMMAN, Jordan — The body of the PLO representative in Spain was scheduled to arrive in the Israeli-occupied West Bank on Thursday after Israel approved burial in his hometown.

A PLO official in Amman said the burial of Issam Kamel Salem in Nablus would be the first of a PLO official that Israel has allowed. Mr. Salem, 55, died this week in Madrid from natural causes. His body was flown to Amman on Wednesday.



A family of 7 were travelling from Europe through Asia on holiday.  
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# REACHING FOR PEACE / 'HUGE DEVELOPMENT'

## Clinton to Resume Dialogue With PLO to Facilitate Pact

WASHINGTON — President Bill Clinton will resume an American dialogue with the Palestine Liberation Organization in order to pave the way for a White House signing on Monday of the Israeli-PLO agreement, a congressional aide said Thursday.

The administration informed congressional leaders of its intent to renew the dialogue with the PLO, which was suspended in 1990 over a terrorist attack on an Israeli beach.

Mr. Clinton had planned to make the announcement in a White House ceremony later Thursday, officials said. But he canceled the announcement because Prime Minister Yitzhak Rabin of Israel had not yet signed a deal for recognition of the PLO, White House officials said.

"The president believed he'd be jumping the gun by making a statement before Rabin had signed the agreement," a White House official said.

Earlier Thursday, Mr. Clinton told reporters in Cleveland: "If the PLO statement today meets the criteria we have repeatedly set down — renouncing terrorism and acknowledging Israel's right to exist — then we will resume our dialogue with them, and we'll go forward from there."

He did not say if that meant the United States would give formal recognition to the PLO.

Mr. Clinton hailed the agreement between the Palestine Liberation Organization and Israel on mutual recognition.

"I am extremely happy that this finally happened," he said after talking by phone from Air Force One with Prime Minister Rabin.

The president described the agreement as a "huge development" toward peace in the Middle East.

He said the United States would help to carry out the historic peace accord that is expected to follow mutual recognition.

"This is a very brave and courageous thing that has been done," he said upon arrival in Cleveland, where he was promoting his plan to overhaul the federal bureaucracy. "I hope they can keep this process going."

Although the breakthrough between Israel and the PLO took place in secret diplomacy largely conducted in Norway and outside U.S.-sponsored formal peace talks in Washington, Mr. Clinton denied that the United States had been out of the process.

"We were aware in the most general terms of what was going on in Norway," he said. "But we didn't know the details, nor should we have known."

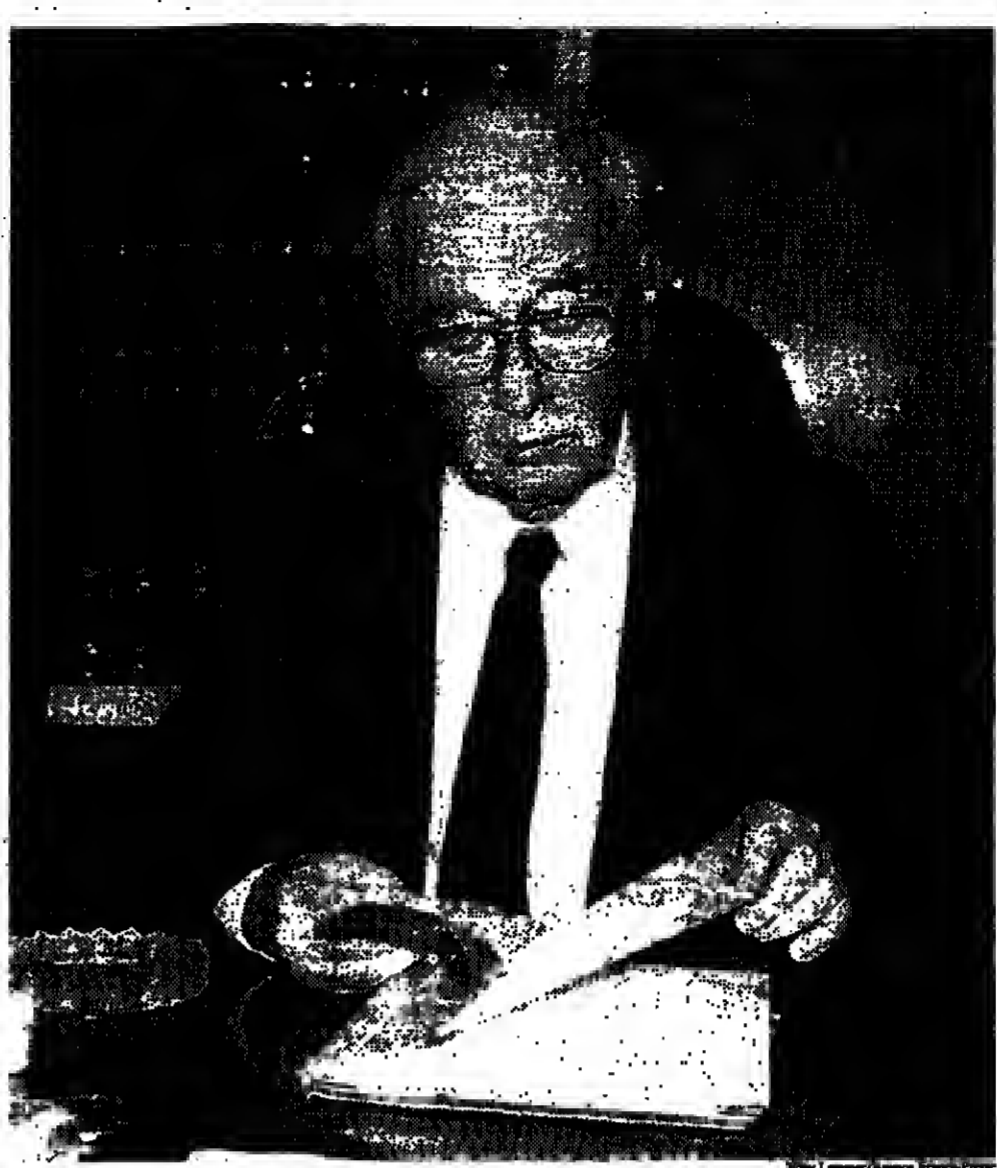
"Our job was to keep these talks going," he said.

Mr. Clinton emphasized that the United States would play a role in helping to carry out the accord, including the financing of economic reconstruction in the impoverished areas to be turned over to PLO administration.

"They have reached a general agreement," he said, "but the process of implementing it will be quite complicated and we expect to be closely involved in the process all along the way."

"There's a lot of economic reconstruction that has to be done. I believe we'll do our part."

In Paris, the French foreign minister, Alain Juppé, hailed the agreement and pledged that the European Community would give political and economic support to Arab-Israeli peace. (Reuters, AP)



Prime Minister Rabin reading the final draft of the self-rule agreement in Jerusalem on Thursday.

## Jordan Readying Israel Agreement

By Chris Hedges  
New York Times Service

AMMAN, Jordan — Jordanian officials said Thursday that they would conclude an agreement with Israel — intended to lead to a peace treaty ending 45 years of hostility — "hours" after the Palestinians sign their own accord with Israel.

"We have not announced a final approval on this yet," said Prime Minister Abdul-Salam Majali. "We are waiting now to see what the Palestinians are going to announce officially."

But senior Jordanian officials said the government had resolved any impediments to an agreement weeks ago and were only waiting for the Palestinians to formalize their own agreement.

"We have delayed any agreement with the Israelis because we were waiting for the Palestinians to sign," said a cabinet minister.

The officials cautioned that the heavy creation of an autonomous Palestinian enclave, as envisioned by Palestinians and Israelis, could unleash violence in the West Bank and Gaza Strip that could spill over into Jordan and threaten the Hashemite dynasty.

Crown Prince Hassan said that the government, headed by his brother King Hussein, was concerned about "stability in Gaza." He warned that Jordan "cannot ignore instability or chaos in the neighboring areas."

The Jordanian agreement with Israel would permit the two countries to begin negotiations on water resources, border disputes, Palestinian refugees and arms control, including the destruction of non-conventional weapons, officials in Amman said.

The aim of such talks, these officials said, would be to establish diplomatic relations and a peace agreement.

"There is so much to talk about," said a cabinet minister. "There is so much to achieve, so many issues such as water use, borders and mutual security arrangements. And then we cannot get ahead of the Palestinians, who have five years to work out their own arrangement with the Israelis. But clearly a huge psychological barrier has been broken."

The decision to create a Palestinian entity in the Israeli-occupied Gaza Strip and West Bank towns of Jericho will foster momentous changes in Jordan, more than half of whose citizens are of Palestinian origin, these officials said.

Many in the government see the move toward an agreement as a mixed blessing. The accord ends any hope Jordan once had of moving back into the West Bank and Jerusalem. Amman administered the West Bank after Israelis captured it in 1967, but withdrew its civil administration in 1988. The officials here also fear that if Yasser Arafat, the PLO chairman, fails to impose order over the unruly Palestinian factions it could prove destabilizing in the long run to both Israel and Jordan.

## RESHAPE: A Transformation of Maps and Minds

Continued from Page 1

and the embodiment of the Israeli citizen-soldier, has done is draw just the opposite lesson from the Holocaust experience," said Mr. Ezrahi. "That lesson is that having power allows you to move in the direction of compromise. Power allows you to reshape your own future, not just hunker down."

"Rabin did not want to preside over another epic chapter in Jewish history where the Jews die in the end as heroes," he added. "He opted instead for the sort of gray compromise that makes life possible. It is a triumph of Palestinian and Israeli middle classes over their own histories. Now they will each have to cooperate to deal with their respective extremists."

Indeed, for the Arab world, the psychological impact of this event cuts equally deep. Two generations of Arabs have grown up with the prime political fact in their lives and now it is beginning to be taken away.

"It is truly the end of something," said Fouad Ajami, a Middle East historian. "For years, generations of Arabs were told that there can be no democracy, because of the struggle with Israel, there can be no development, because of the struggle with Israel. Israel was the great abibi of Arab political life and now it is being taken away by the very men who were the keepers of the flame."

Others will be threatened not so much because this agreement contains the seeds of so much change, but because it will not change enough. That is particularly true for the Palestinians.

This mutual recognition, coupled with the agreement on Palestinian self-rule in the Gaza Strip and Jericho, is certainly good news for the 800,000 Palestinians living in Gaza and the few thousands living in Jericho. Eventually, the 900,000 Palestinians living elsewhere in the occupied West Bank should also get self-rule. But there are roughly another 3 million Palestinians living around the world — from the refugee camps of Lebanon to the high-rise apartments of Jordan.

It is not clear what this accord holds for them. There is limited space in Gaza and Jericho for them, and now that the PLO has recognized Israel's right to exist within its pre-1967 war boundaries, even the dream of some of these people to return to their homes in Israel has now seemingly been relinquished.

Consider just a few of the implications. To begin with, the most pro-American Arab governments, like those in Saudi Arabia, Morocco, Kuwait and the other Gulf states, have long been on the defensive in Arab circles because of their relationship with the United States, Israel's patron and protector. If the PLO is now recognizing and accepting Israel, then these countries will no longer have anything to apologize for in being friendly with Israel's friends in Washington.

But this will also complicate life for the Saudis. Because, if the PLO can recognize Israel, why can't Saudi Arabia? But is King Fahd, keeper of the Muslim holy places of Mecca and Medina, ready to sell that to his own Muslim clerics? If not, what will he say to the United States?

## Text of Arafat and Rabin Letters on Recognition

The Associated Press

Following is the text of letters exchanged between Yitzhak Rabin, prime minister of Israel, and Yasser Arafat, chairman of the Palestine Liberation Organization, that detail mutual recognition. A third letter, from Mr. Arafat to John Jorgen Holst, foreign minister of Norway, who mediated the accord, details a public statement that Mr. Arafat plans to make calling for an end to violence. The texts were released by Mr. Rabin's office in Jerusalem.

Mr. Prime Minister:

The signing of the Declaration of Principles marks a new era in the history of the Middle East. In firm conviction thereof, I would like to confirm the following PLO commitments:

The PLO recognizes the right of the State of Israel to exist in peace and security.

The PLO accepts United Nations Security Council Resolutions 242 and 338. The PLO commits itself to a peaceful resolution of the conflict between the two sides and declares that all outstanding issues relating to permanent status will be resolved through negotiations.

The PLO considers that the signing of the Declaration of Principles constitutes a historic event, inaugurating a new epoch of peaceful coexistence, free from violence and all other acts which endanger peace and stability. Accordingly, the PLO renounces the use of terrorism and other acts of violence and will assume responsibility over all PLO elements and personnel in order to assure their compliance, prevent violations and discipline violators.

In view of the promise of a new era and the signing of the Declaration of Principles and based on Palestinian acceptance of Security Council Resolutions 242 and 338, the PLO affirms that those articles of the Palestinian Covenant which deny Israel's right to exist and the provisions of the Covenant which are inconsistent with the commitments of this letter are now inoperative and no longer valid. Consequently, the PLO undertakes to submit to the Palestinian National Council for formal approval the necessary changes in regard to the Palestinian Covenant.

Sincerely, Yasser Arafat

Mr. Chairman:

In response to your letter of Sept. 9, 1993, I wish to confirm to you that, in light of the PLO commitments included in your letter, the Government of Israel has decided to recognize the PLO as the representative of the Palestinian people and commence negotiations with the PLO within the Middle East peace process.

Yitzhak Rabin, Prime Minister of Israel

Dear Minister Holst:

I would like to confirm to you that, upon the signing of the Declaration of Principles, I will include the following positions in my public statements:

In light of the new era marked by the signing of the Declaration of Principles, the PLO encourages and calls upon the Palestinian people in the West Bank and Gaza Strip to take part in the steps leading to the normalization of life, rejecting violence and terrorism, contributing to peace and stability and participating actively in shaping reconstruction, economic development and cooperation.

Sincerely, Yasser Arafat

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INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

Almost Free in South Africa

Score a victory for humanity and realism in South Africa. A breakthrough agreement was reached on Tuesday to establish a Transitional Executive Council in which blacks for the first time will share a governing role with a white minority regime.

black majority into "nations," a fiction to justify denial of basic rights. A race-obsessed regime classified its citizens into a dozen categories, including Cape Colored, Cape Malay, Griqua, Indian, Chinese, Other Asiatic and Other Colored — but only whites could vote.

The Case for Aiding Russia

American aid to Russia is intended to support economic and political reform. But what if the rate of reform slows down and the economy gets caught in the struggle between President Boris Yeltsin and the obdurate Russian Congress?

in July and was to have provided another \$1.5 billion later this year, but the second round of loans has been postponed until the Russians get control of their deficit and begin to stabilize their economy.

Burying the Marcos Era

They came to bury Ferdinand Marcos, and to praise him. But they came in strikingly smaller numbers than his widow, Imelda, had advertised. Not a million but 7,000 Marcos loyalists greeted the Philippine dictator's body on Tuesday when it arrived in his home province of Ilocos Norte.

his body home for burial could spark new challenges to her embattled government. A new president, Fidel Ramos, has judged that Philippine democracy is strong enough to bring this sorry chapter to a close, although he rightly refuses the state funeral and Manila burial that Mrs. Marcos wanted.

Other Comment

Another Victim in Miami
How good of German Consul General Klaus Sommer to speak kindly, if sadly, of this community after the murder of Uwe Wilhelm Rakebrand, the third German tourist slain in Dade County this year.

Mr. Rakebrand's slaying is a bitter reminder that determined criminals invent new strategies to combat effective crime-fighting. The "bump and rob" brigades have learned to spot tourists despite unmarked cars.



Cement Peace Here and There With Development

By Adnan M. Khashoggi

PARIS — The Gulf War succeeded in rolling back Iraqi aggression. In essence, Resolutions 242 and 338 constitute the sole legal and realistic ground toward the achievement of a negotiated peace.

the concerned parties' realistic views. In essence, Resolutions 242 and 338 constitute the sole legal and realistic ground toward the achievement of a negotiated peace.

the Middle East conflict was Camp David, when the negotiated political solutions came side by side with economic and financial arrangements providing adequate support for both parties (Israel and Egypt) to a peace treaty concluded against the opposition of extremists on both sides.

habilitation of the military and of identifying new employment opportunities, setting up regional development projects — in general, to involve all the nations of the region in tangible and profitable economic and financial relations as a direct result of the peace.

There should be an international agreement to add a flat fee or tax per barrel to the crude oil price, worldwide.

between the Israelis and the Palestinians. Achievement of one without the other would not lead to real peace. A fair solution means the ability to satisfy, in its final stage, the legitimate and realistic demands of all the parties.

What about the resources for such economic arrangements? The United States is no longer able to play political godfather or financier, given the new administration's policy of focusing on economic recovery at home.

A permanent solution greatly depends, more than on the political treaties and agreements, on the parties' engagement in economic, commercial and financial relationships as a guarantee for the continuity of beneficial cooperation.

Beneficial results of this proposal should include: Providing a fair and global financial vehicle so that no one country or group of countries suffers the burden alone.

A NAFTA Nightmare Haunts Clinton

By Robert Kuttner

WASHINGTON — Whatever you think of the North American Free Trade Agreement as an economic idea, it is becoming a political nightmare for the Clinton administration.

to finance health care reform by requiring employers to pay a payroll charge, which raises the cost of employing new workers.

form he is likely to lose on NAFTA — and vice versa. All this was unnecessary. NAFTA was George Bush's initiative.

Not only does it strain ties among Democrats, it hurts the president's other big initiatives.

insisted that his support was conditional on negotiating side deals on labor and environmental standards. These were supposed to win over skeptical Democrats.

Mr. Clinton could have made a good-faith effort to enact tough agreements raising Mexican environmental and labor standards.

Given that the budget was passed by just one vote in the Senate and two in the House, this conflict is creating a strain on intraparty goodwill that the president can scarcely afford.

This would put a Democratic spin on a Republican idea, and win wide backing in his own party. It would also be cause for cheer in the Mexican barrios, where raw sewage and toxic chemicals run in the streets and where wages are at starvation levels.

Ring-Bearer For a Shaky Marriage

By Leonard Silk

HULLS COVE, Maine — Forty-eight years ago, as a correspondent for a U.S. newspaper, I covered the founding conference of the United Nations in San Francisco. To the pressroom in the basement of the Opera House, I met the great essayist E. B. White, who was there for a riddle. "Sergeant," he said, "what is the most important thing for a marriage?"

The United Nations, flabby and neglected, needs U.S. help to survive.

offender is the United States. At the end of August, the United Nations was owed more than \$2 billion, with the United States owing \$786 million, followed by Russia (\$305 million) and Japan (\$108 million).

The UN is not allowed to borrow money; it is constantly delaying payment of its own bills and juggling accounts, a demeaning business.

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OPINION

A Bush-Clinton Pact to Keep Iraqgate Covered Up?

By William Safire

WASHINGTON — George Bush privately assured Bill Clinton that he would not criticize the new president during the first year of his term. I cannot attribute that to any source, but trust me. And Mr. Bush has kept his word.

CIA evidence to the contrary. During the '92 campaign, Al Gore accurately charged that "the CIA reported to Secretary of State James Baker... that Iraq was clandestinely procuring nuclear weapons" while the State Department was urging more loan guarantees to appease the dictator.

with guilty knowledge of U.S. officials — in a public trial. John Hogan, Attorney General Janet Reno's longtime assistant in Miami, is the prosecutor who insists that the bank in Rome was innocent, over the plea bargainer's continued dispute.

Thus Clinton appointees at Justice have closed ranks with prosecutors and fixers desperate not to be brought before a grand jury by a truly independent counsel. Mr. Bush's Justice Department appointed the lawyer for Saddam's main arms purchaser as U.S. attorney in Atlanta; Mr. Clinton's Justice Department is appointing a lawyer from King & Spalding, BNL's law firm, who had worked on the case as a prosecutor to the U.S. attorney there now.

the United States pay up? "Apples and oranges," Mr. Hogan tells me; that is the Civil Division's job. Mr. Hogan is familiar with Italian suits, having once been accused of receiving stolen clothing in a Miami "hot suit" case; he earned a straight-arrow reputation by resigning as prosecutor despite his innocence. But now he uses "ongoing investigation" to duck questions, despite St. Janet's claim of his work having already been "thorough"; it is patently not "independent."

LETTERS TO THE EDITOR

For a Sydney Olympics

The Sept. 23 date is fast approaching when the International Olympic Committee will vote on the site of the Games to be held in the year 2000. The leading contenders appear to be Beijing and Sydney. I have seen only occasional mention of Berlin, Istanbul, Manchester and Brasilia.

Watch the Fault Line Between Civilizations" (Opinion, June 8). But the values at the core of Western civilization — democracy, the rule of law and individual liberties — have penetrated other civilizations, if in varying degrees.

A Binding Contract

Regarding "Supreme Court Is Still Public-Enemy" (Aug. 31): I notice that in response to the U.S. Supreme Court's request that he abide by his written pledge not to publish his oral arguments, a man who is both a lawyer and a professor at the University of California responds that his pledge did not constitute a valid contract.

Where Eagles Hatch

Regarding "It's a Scandal: The River Doesn't Do as It's Told" (Opinion, July 21): George Will states that Charles Lindbergh was born "in a house on a Mississippi River bluff near Little Falls, Minnesota." Aviation's "Lone Eagle," as he was once nicknamed, grew up in Minnesota, but he was born in Detroit, the home of his mother's family.

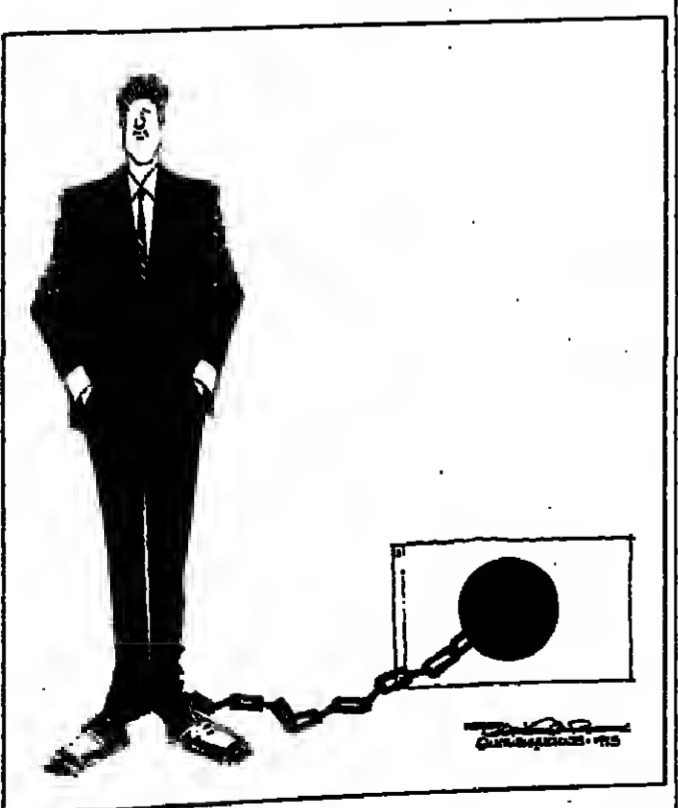
Totalitarian Grip

Regarding "America's Good Intentions Can't Remake the World" (Opinion, Sept. 1): The Serbian hold on the former Yugoslavia, which Dimitri K. Simas would seem to condone, is and always was a totalitarian hold. To quote his article, "There are special cases, like the Holocaust, where the monstrosity of the crime demands a prompt military response."

With the Cold War over, what comes next as a source of world conflict? A clash of civilizations, and not economic interests, says Samuel P. Huntington in "Now

The Issue Is Trade

With the Cold War over, what comes next as a source of world conflict? A clash of civilizations, and not economic interests, says Samuel P. Huntington in "Now



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Advertisement for the Trianon Palace hotel in Versailles. Includes text: 'A Palace for the Twenty-First Century', 'A Room With a Royal View', 'Tempting Tours', 'Making History', and contact information for the hotel.

Perfect Woman, Overplanned

By Andrew Ward

BAINBRIDGE ISLAND, Washington — Like most Americans, I sometimes have a hard time distinguishing between lifestyle and life. I watch the commercials in which exquisitely groomed people stand around gourmet buffets chucking hand-somely about the week they were all so great together on St. Croix, and I wonder why my buffets al-ways feature Hormel lunch meats and Best Foods mayonnaise, why

myself a kind of generalized long-ing. They recall for me a certain adolescent fantasy I used to entertain of a beach cottage my parents share with old college friends who have this fierce, literate, beautiful daughter who comes to realize over the course of a tumultuous summer what a strong, funny, feeling youth I really am.

MEANWHILE

all my friends are funny looking, why we've never congregated handsomely on Caribbean islands and tasted zinfandels. Not long ago a team of model photographers and assorted "gofers" converged on my house to shoot pictures for a clothing catalog. I live in a stone house, and they were looking for a stony sort of location to rent for a couple of hundred dollars; you know, a kind of evergreens-by-the-water great old old place where hand-some young persons might lounge about in casual togs. I get catalogs from the company they're shooting for. Millions of them are mailed out every year.

first engender and then prey upon womankind's inadequacies. The frail and starved neurotics posing on my deck did not seem to me happy nor especially bright, and yet they not only manage to sell clothes but also to make the happy, bright, beautiful young women who date my son — girls with calf muscles, bosoms, aural hips — feel terrible about the way they look.

But I am only her father and not the world, and the world keeps telling her she isn't perfect and won't be perfect until she lines up with her dollars at the gyms and clinics and tanning salons. As the models and gofers packed their things and drove out my driveway, I kept thinking about something Jean Marsha, the star of "Upstairs, Downstairs," once said. It wasn't particularly profound, but she's been a kind of heroine of mine ever since. She was asked if, as a girl, she had ever worried about her looks. "Oh, no," she replied, as if surprised by the question. "I always thought I looked smashing."

The writer, a former National Public Radio commentator, contributed this column to The Washington Post.





# NYSE

Thursday's Closing  
Tables include the closing prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

Symbol	Price	Change
IBM	100.00	+0.25
MSFT	55.00	+0.12
ORCL	45.00	+0.10
GOOG	120.00	+1.50
AMZN	35.00	+0.20
EBAY	25.00	+0.15
YHOO	15.00	+0.10
GOOGL	110.00	+1.20
AMZN	35.00	+0.20
EBAY	25.00	+0.15
YHOO	15.00	+0.10
GOOGL	110.00	+1.20

Symbol	Price	Change
DIS	25.00	+0.10
WMT	45.00	+0.15
CVS	35.00	+0.12
UNH	55.00	+0.20
MRK	40.00	+0.18
ABB	30.00	+0.10
MRK	40.00	+0.18
ABB	30.00	+0.10
MRK	40.00	+0.18
ABB	30.00	+0.10

Symbol	Price	Change
BA	45.00	+0.15
AA	35.00	+0.12
DL	25.00	+0.10
UAL	30.00	+0.15
SWK	20.00	+0.10
BA	45.00	+0.15
AA	35.00	+0.12
DL	25.00	+0.10
UAL	30.00	+0.15
SWK	20.00	+0.10

Symbol	Price	Change
INTL	15.00	+0.10
WORLD	20.00	+0.15
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WORLD	20.00	+0.15
INTL	15.00	+0.10
WORLD	20.00	+0.15

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INTL	15.00	+0.10
WORLD	20.00	+0.15

Continued on Page 16

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TRIB INDEX

STREET WATCH

Believers Are Be  
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MARKET DIARY

Secondary Stocks Outpace Blue-Chips

Compiled by Our Staff From Dispatches
NEW YORK — Stocks rose Thursday, following two days of losses, with secondary indexes posting spirited gains while blue-chip issues merely edged higher.

N.Y. Stocks

reacted negatively to a report that Congress was considering a tax on interest earned by overseas investors on Treasury issues.
The Dow Jones industrial average edged 0.56-point higher, to 3,589.49, while advancing issues outpaced declines by about a 9-to-7 ratio on the New York Stock Exchange.

bonds, but they helped a stock market that has been worried in recent days about a weak outlook for corporate profits.

"The bond market is not doing great today," said Ronald Doran, director of institutional trading at C.L. King & Associates. "And there's some concern about earnings for the next couple of quarters, but there's still money coming in that's going to be put to work."

Hanson was the most active issue on the New York Stock Exchange, up 1/4 at 194 in dividend-related trading. The London-based holding company's American Depository Receipts will trade ex-dividend Friday.

Royal Dutch Petroleum followed, rising 1/4 to 101 1/2, after a dividend increase.

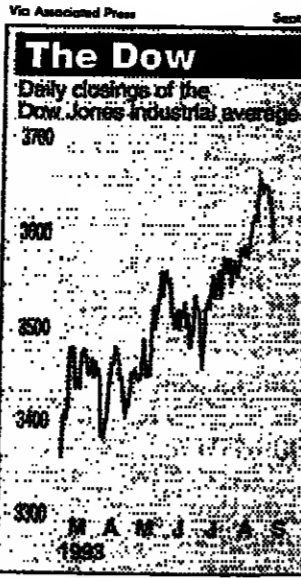
Citicorp led a rise in bank issues, which were higher on analysts' expectations of strong third-quarter earnings among the major U.S. banks. Citicorp rose 1/4 to 35 1/4, Chemical Bank up 1/4 to 49 1/2, and Chase added 1/4 to 43 1/4.

Turner Broadcasting Class B led the American Stock Exchange activity, down 3/4 at 25. France is blocking Turner's plans to sell a cartoon-and-classic-movie channel.

Intel led the OTC activity, up 1/4 at 64 1/2. Intel and MCI agreed to develop ways to integrate personal computers and telephones. MCI rose 3/4 to 25.

On the New York Stock Exchange, Motorola was up 1/4 at 93 1/4 and Texas Instruments gained 1/4 to 77 1/2.

Some positive economic news, including fewer-than-expected unemployment claims, also depressed



Dow Jones Averages
Open High Low Close
Index 3589.49 3544.86 3556.89 3599.49 + 5.59

Standard & Poor's Indexes
High Low Close Chgs
Industrials 518.12 +0.34
Utilities 142.52 +0.10

NYSE Indexes
High Low Close Chgs
Composites 3589.49 +0.56
Industrials 1943.99 +0.84

NASDAQ Indexes
High Low Close Chgs
Composites 729.93 +0.71

AMEX Stock Index
High Low Close Chgs
Index 431.1 431.1 432.3 + 1.2

Dow Jones Bond Averages
High Low Close Chgs
20 Bonds 129.15 -0.09

Market Sales
NYSE A.M. volume 232,100,000
NYSE P.M. volume 17,440,000

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Buy Sell
100 1,235,000 1,300,000

NYSE Diary
Class Prev.
Advanced 1125 654

Amex Diary
Class Prev.
Advanced 394 221

NASDAQ Diary
Class Prev.
Advanced 1446 894

EUROPEAN FUTURES
Close High Low Prev. Close
S&P 500 1187.25 1185.00 1182.50 1185.00 +0.50

Food
COCOA (LCE)
Mar 93 820 820 820 820

COFFEES (LCE)
Mar 93 120 120 120 120

WHITE SUGAR (MEHT)
Mar 93 30 30 30 30

Metals
ALUMINUM (LME)
Mar 93 1140 1140 1140 1140

3-MONTH EURO DOLLARS (LIF-FBI)
Mar 93 8.15 8.15 8.15 8.15

3-MONTH EURO DOLLARS (LIF-FBI)
Mar 93 8.15 8.15 8.15 8.15

LOANS (LIF-FBI)
Mar 93 118 118 118 118

Companies Give Boost to Economy

WASHINGTON (UPI) — In a clutch of good news on the economy, the government said Thursday that American companies had raised their capital-spending plans for 1993 and were more productive than originally believed in the second quarter.

In addition, the number of jobless Americans filing new claims for unemployment-insurance benefits decreased in the first week of September in its lowest mark in more than four years, government data said.

In its report on capital spending, the Commerce Department said U.S. companies now expect to increase outlays on plant and equipment 7.1 percent during 1993 — the largest annual rise in four years.

MCI and Intel Agree to Join Forces

NEW YORK (AP) — MCI Communications Corp. on Thursday became the first long-distance telephone company to formally agree to work with Intel Corp., the largest computer chipmaker, on ways to integrate telephones and personal computers.

The deal involves no monetary transactions but the companies plan to share ideas, particularly on long-distance voice and data networking. Intel has made similar arrangements with the local-exchange carriers Ameritech, Bell Atlantic and Pacific Bell and with two European telecommunications firms, LM Ericsson AB and Siemens AG.

Kwilm Offers Payment to Creditors

NEW YORK (AP) — Liquidators for Britain's biggest property and casualty insurance failures proposed on Thursday paying about 40 cents on the dollar to thousands of creditors, most of them in the United States, who are owed an estimated \$5 billion.

The plan released by the provisional liquidators is aimed at settling debts from the collapse of the so-called Kwilm companies. The five British insurance companies failed in 1990, leaving over 100,000 policyholders in the lurch — 90 percent of them in the United States. Under the plan, repayment would begin next year and occur over 15 or more years.

Lorenzo Blocked in Airline Bid

NEW YORK (NYT) — Capping months of opposition from Washington lawmakers and labor unions, a judge appointed by the Department of Transportation has ruled against Frank A. Lorenzo's bid to re-enter the airline industry with a low-cost carrier serving the East Coast.

The judge, Robert L. Barton Jr., said Wednesday that although Mr. Lorenzo's company, ATX Inc., had the money and management expertise to run a scheduled carrier, it "lacks the proper compliance disposition." The judge indicated that he faulted the attitude of Mr. Lorenzo and his lawyers as much as their ability to fulfill procedural demands.

Chevron Spends on Environment

LOS ANGELES (Combined Dispatches) — Chevron Corp. said Thursday it would spend about \$950 million to upgrade two California refineries to meet cleaner gasoline standards mandated by federal and California laws.

Chevron also launched a program to buy 3,900 pre-1972 heavily polluting cars in exchange for a delay from regulators in installing new pollution-control equipment at its marine terminal. (AP, UPI)

For the Record

Campbell Soup Co. said earnings had risen 12 percent in the quarter ended Aug. 1, to \$122 million, reflecting in part the added results from the Australian cookie maker Arnotts Ltd. (Bloomberg, UPI)

CS First Boston Group named Allen Wheat, the head of its lucrative derivatives business, as president and chief operating officer. (Bloomberg) PepsiCo Inc. said it would take a six-cent-per-share charge of about 5 cents a share against third-quarter earnings. (Bloomberg)

MARK: Rate Cut Did Not Hurt

Continued from Page 13
\$1,542.5. The dollar was down at 1.4010 Swiss francs from 1.4175, at 5.6375 French francs from 5.6855 and at 105.250 yen from 105.533.

There were rumors the Federal Reserve Board had intervened to sell yen for dollars, but many traders did not believe them. On the

other hand, there was speculation European central banks were selling dollars for marks to repay the Bundesbank for intervening to support their currencies late July and early August. That helped accelerate the dollar's slide.

Another source of pressure on the dollar was a report that the United States was considering taxing interest-income of foreign holders of American debt. An aide to the House Ways and Means Committee, however, said such legislation was not likely to be considered soon and was unlikely to pass.

But that was big-time pressure on the dollar. "A lot of investors got scared, particularly the Japanese,"

The reports directly pressured bond prices, and lent some support to gold. The active December gold contract on the Commodity Exchange rose \$2.90, to \$356.60 an ounce. Other precious metals also rose, in part because the interest-rate cuts in Europe reduced money market yields, reducing the allure of short-term investments.

Gold also was lifted by a report that George Soros, the financier, accumulated an 800,000 share stake in Homestake Mining. (Reuters, Bloomberg, Knight-Ridder)

Chancellor Preaches Peace at Auto Fair

By Brandon Mitchener
International Herald Tribune
FRANKFURT — Chancellor Helmut Kohl, in an official visit Thursday to the Frankfurt Auto Show, tried to help mend fences between rival German automakers and the companies that supply them with parts.

"The automotive industry is undergoing a deep structural change in which costs and productivity

play an ever-increasing role in international competitiveness," he said in an opening speech. He said that German manufacturers should remember the virtues of "fairness and trust" in their dealing with suppliers, particularly those in Eastern Germany, in the rush to cut costs.

M. Kohl later paid visits to the stands of Volkswagen AG, Germany's biggest automaker, and Adam Opel AG, paying attention not to take sides in their raging corporate dispute. Opel and its parent company, General Motors Corp., used the fair to keep pressure on VW and its controversial new purchasing chief.

"We believe firmly that he took things and that he directed his closest employees to collect things to bring with them," Louis Hughes, chairman of GM Europe, said.

U.S. FUTURES

Soybean futures
Open High Low Close Chg
Soybean futures 10.93 10.95 10.85 10.93 +0.01

Grains
WHEAT (CBOT)
Mar 93 204 204 204 204

Metals
LONDON GOLD
Mar 93 350 350 350 350

Oil
BRENT CRUDE
Mar 93 24 24 24 24

Livestock
CATTLE (CBOT)
Mar 93 72 72 72 72

Financial
U.S. TREASURY BOND
Mar 93 98 98 98 98

Food
COFFEES (LCE)
Mar 93 120 120 120 120

Stock Indexes
NYSE Composite
Mar 93 3589.49 +0.56

Commodity Indexes
NYMEX WTI Crude Oil
Mar 93 24 24 24 24

Stock Indexes
NASDAQ Composite
Mar 93 729.93 +0.71

Commodity Indexes
D.J. Futures
Mar 93 100 100 100 100

WORLD STOCK MARKETS

Table with columns for Market, Close Prev., and various stock indices from Amsterdam, Brussels, Frankfurt, London, Milan, Montreal, Paris, Sao Paulo, Singapore, Stockholm, Toronto, Tokyo, Zurich.

Table with columns for Market, Close Prev., and various stock indices from Amsterdam, Brussels, Frankfurt, London, Milan, Montreal, Paris, Sao Paulo, Singapore, Stockholm, Toronto, Tokyo, Zurich.

Table with columns for Market, Close Prev., and various stock indices from Amsterdam, Brussels, Frankfurt, London, Milan, Montreal, Paris, Sao Paulo, Singapore, Stockholm, Toronto, Tokyo, Zurich.

Table with columns for Market, Close Prev., and various stock indices from Amsterdam, Brussels, Frankfurt, London, Milan, Montreal, Paris, Sao Paulo, Singapore, Stockholm, Toronto, Tokyo, Zurich.



NASDAQ

BTR Results Get a Boost From U.S.

Compiled by Our Staff From Dispatches LONDON — BTR PLC said Thursday its pretax earnings had risen 10 percent in the first half as a result of the improved performance of all its businesses, particularly those in the United States.

BTR earned \$502 million (\$927 million) in the first half, after financing costs, up from \$548 million a year earlier. Excluding the costs, pretax profit rose to \$684 million from \$645 million.

Revenue rose 13 percent, to \$4.87 billion from \$4.31 billion. Separately, Hagemeyer NV of the Netherlands agreed to buy BTR's Newey & Eyre electrical distribution unit for an estimated total of \$165 million.

Hagemeyer said the initial purchase price would be \$110 million, with an additional \$55 million following, depending on sales and profit developments at Newey & Eyre in 1994 and 1995.

Despite the improved earnings, BTR executives were cautious. "Continental Europe is still falling quite heavily and that's quite an important area for us," Chief executive Alan Jackson said in a telephone interview.

Sales Surge Lifts Glaxo Profit

Compiled by Our Staff From Dispatches LONDON — Glaxo Holdings PLC, the world's largest pharmaceutical company based on sales, said Thursday that its pretax earnings for the financial year ended June 30 had risen 17.4 percent as a result of a 20 percent increase in sales and currency fluctuations.

Glaxo made a pretax profit of £1.67 billion (\$2.5 billion) for the year, about in line with analysts' expectations. Sales totaled £4.93 billion, up from £4.09 billion the previous year.

The company was also helped by gyrating exchange rates; it said that on the basis of unchanged rates, its sales would have risen 11 percent in a market that grew by 8 percent.

Revenue was boosted by a 20 percent jump in sales of the company's high-performing anti-ulcer

drug Zantac, up to £2.17 billion, equivalent to 44 percent of its total sales.

Zantac remains the world's most prescribed drug and Glaxo said it would continue with a legal battle to prevent the Canadian company Novopharm from marketing a product containing the main element of Zantac.

Despite an uncertain future facing the worldwide health-care industry, Glaxo raised its second-half dividend to 22 pence per share, from 17 pence a year earlier, reflecting its belief in the potential of further growth.

Investors were cheered by the earnings, which sent the shares climbing 27 pence to 628 pence.

The uncertainty surrounding the future of Zantac and continuing worries about the world health-care market are causing the company to sit on its large cash surplus.

(Bloomberg, AFP)

Nestlé's Earnings Rise 6% Despite Global Recession

Compiled by Our Staff From Dispatches ZURICH — Nestlé SA, Europe's biggest food and beverage company, said Thursday that it had bucked recession in the first six months of 1993 with a 6 percent jump in net profit, and it forecast a satisfactory increase in earnings for the full year.

The company also expressed confidence in its major brands, shrugging off stock-market worries about the value of branded products after the decision of Philip Morris Cos. in April to slash the price of Marlboro cigarettes.

Nestlé's group net profit rose to 1.25 billion Swiss francs (\$887 million) in the first six months, from 1.18 billion a year earlier.

The company, which is based in Vevey, called the 6 percent rise in first-half profit satisfactory in light of the severe recession in Europe, which has hurt consumer spending.

Group sales for all of 1993 are expected to grow faster than in the first six months, the company said. In July, Nestlé had reported that its first-half sales were 27.45 billion francs, a 4.4 percent increase.

On Thursday, it said Philip Mor-

ris's move had led to fears that brands were no longer as important as before. This had hit the shares of all consumer-goods companies, Nestlé said.

Nestlé's registered shares have lost about 8 percent since Jan. 1, while the Swiss Performance Index has gained 21.6 percent. The stock closed at 1,070 francs on Thursday, down 2.

Still, Nestlé argued that "major brands remain a trump card." They guarantee superior and recognized quality, backed by heavy research and development, and offer the consumer satisfaction, safety and value for money.

Analysts believe that Nestlé, to protect and promote its brands, may have spent more on marketing than in the previous year. They drew this conclusion because operating margin — operating profit as a percentage of sales — was a lower-than-expected 9.8 percent.

In absolute terms, operating profit in the period rose to 2.69 billion francs, up 4.8 percent. Nestlé said its sales rose by 5.5 percent in volume.

(Reuters, Bloomberg)

Investor's Europe table with columns for Exchange, Index, Thursday Close, and % Change. Includes FTSE 100 Index, CAC 40, and various regional indices.

Very briefly:

- Olivetti SpA, the Italian computer maker, and Hughes Network Systems of the United States have signed an agreement for the provision of telecommunications services within Europe, Olivetti said.
• France sold 3.17 percent of its shares in Total SA for 2.06 billion francs (\$362 million) on the stock market, reducing its stake to 5 percent.
• Union des Assurances de Paris will increase its stake in Banque Nationale de Paris to 15 percent from 10 percent when the bank is privatized, the French Economy Ministry said.
• Treuhandsstat, the agency responsible for selling enterprises in Eastern Germany, said prosecutors were probing 450 cases of suspected fraud totaling more than 2.7 billion Deutsche marks (\$1.67 billion).
• Arjo Wiggins Appleton PLC, the British-French paper company, net profit in the first half had fallen 52 percent, to £9.1 million (£1.4 million), despite a strong performance in the United States.
• France posted a record trade surplus in May of 10.88 billion francs from 5.83 billion francs in April.
• British Gas PLC said that its net profit in the first half fell slightly to £634 million, from £637 million a year ago, as overseas sales offset the effect of a profitability drop in the British market.

Fortis Net Rose 20% in Half

AMSTERDAM — Fortis Finance NV's net income in the first half rose 20 percent, to 226.7 million European Currency Units (\$267.7 million), the company said Thursday, boosted by currency movements and the sale of its stake in Belgium's Générale de Banque SA. The Dutch-Belgian holding company, which combines the activities of the Dutch banking and insurance company AMEV NV and the

Belgian financial company Fortis AG, did not say how much it gained from the sale of the stake in Générale de Banque. Fortis said it expected high results for the full year and said that it had taken restructuring charges in the first half that would be used "in the near future." Operating income in the first half rose 13 percent, to 218.9 million Ecu.

GERMANY: Bundesbank Cuts Key Interest Rates

Continued from Page 1

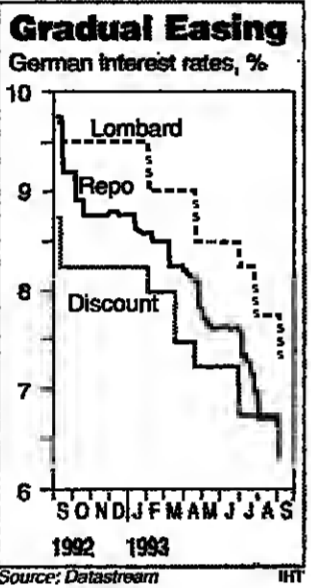
Marian, a veteran Bundesbank-watcher at Helaba, a bank in Frankfurt. "The commentators would have said monetary policy was being written in Bonn." Before he joined the Bundesbank, Mr. Tietmeyer was a senior government official. Likewise, some analysts suggested Mr. Schlesinger would have been reluctant to cut rates at his last board meeting, on Sept. 23.

Economists at Goldman Sachs put it this way: "The monetary easing represents a down payment for a future slowdown in money supply growth and gives Bundesbank president-designate Tietmeyer time to contemplating the timing of the next move."

The Bundesbank described its action as an extension of its policy of "cautiously reducing interest rates" as conditions allowed.

The Bundesbank justified the rate cuts by saying it now appeared that "monetary growth may turn out to be lower than was to be feared in light of the massive ex-

change market interventions at the end of July," at the time of the European currency crisis. The Bundesbank has been concerned about the growth of the M-3 measure of money supply, which it wants to hold to 4.5 percent to 6.5 percent this year, but which has risen above 7 percent during the summer. The central bank also asserted that there had been recent signs "of a gradual slackening of the rate of inflation."



cluding administrative influences such as taxes and public fees, consumer prices were up 3.4 percent in the six months from March to August from a year earlier. Mr. Schlesinger expressed hope that the Bundesbank's action, which many market players expected when its board met two weeks ago, would act as a vent to pressure built up in financial markets.

"We expect markets will not be influenced as much as in the past by expectations of falling interest rates," he told a German news service. "We've already come a long way toward lower rates."

Kermit Schoenholtz, an economist at Salomon Brothers in London, predicted another cut in the discount rate in the fourth quarter, followed by further cuts next year.

TV: Bugs Held Up at French Border

Continued from Page 13

out Frontiers directive and that no country but France had objected.

Stuart Paterson, spokesman for Britain's Independent Television Commission, which granted the license, said that compliance with the directive requiring a majority of European programming was not a condition for granting the license. Further, he said the "where practicable" clause in the directive clearly was meant to exempt networks offering thematic programming, such as a classic film or cartoon channel.

"This is not our business, we're not here to police or enforce the directive," Mr. Paterson said. "If the French have a beef, they should take it to Brussels."

EC communications officials were meeting on the subject Thursday and could not be reached for comment.

A spokeswoman for the French broadcasting authority said it was asked by the communications minister, Alain Carignon, to examine the first two weeks of programs proposed by the new network.

When no European-made programs were found in the line-up, she said the authority was directed to warn cable operators that they risked heavy sanctions if they carried Mr. Turner's programs.

She said the "real worry" was that other foreign broadcasters would follow and that ultimately French networks would challenge the European quotas.

The Turner offering, however, can be received by around 100,000 French households equipped with satellite antennas.

The French policy, said Mr. Rudolph, was self-defeating because by depriving cable operators of quality and diversified programming choices, it prevents the French cable industry from developing.

Lyonnaise Communications, the company that operates the Paris cable system, is in favor of the Turner project, while the country's other major cable operator, Compagnie Générale des Eaux — in a joint venture with Canal Plus SA on a satellite network of its own — is siding with the government.

Christies Profit Shows Recovery In Art Market

Continued from Page 1

LONDON — Christie's International PLC, the world's oldest art auctioneer, said Thursday its first-half pretax profit had more than doubled, showing the market was recovering from recession.

Profit rose to £7.06 million (\$10.9 million) from £2.11 million in the first half of 1992, boosted by the depreciation of the pound. Sales rose 14 percent, to £329 million, but after removing effects of currency fluctuations, the rise would have been just 4 percent.

The sales paled against the £722 million in the first half of 1990, when the market peaked. Christie's increased the commission it takes on each sale to 15 percent of the first £30,000 bid, and 10 percent thereafter. Previously, it took a flat 10 percent premium.

NASDAQ Thursday's Prices

NASDAQ prices as of 4 p.m. New York time. This list compiled by the AP consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

NASDAQ table with columns for 12 Month High/Low, Div, Yld, PE, and High/Low/Last/Chg for various stocks.

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NASDAQ table with columns for 12 Month High/Low, Div, Yld, PE, and High/Low/Last/Chg for various stocks.

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NYSE

Thursday's Closing Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press.

(Continued)

Table with columns: NYSE, High, Low, Last, Change, Volume. Lists various stock prices and their daily movements.

Table with columns: NYSE, High, Low, Last, Change, Volume. Continuation of stock price listings.

Table with columns: NYSE, High, Low, Last, Change, Volume. Continuation of stock price listings.

Table with columns: NYSE, High, Low, Last, Change, Volume. Continuation of stock price listings.

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Table with columns: NYSE, High, Low, Last, Change, Volume. Continuation of stock price listings.

INTERNATIONAL FUNDS

Advertisements supplied by fund brokers. Not meant to constitute an offer. The symbols indicate frequency of quotations supplied.

Table listing various international funds with columns for fund name, share price, and other details.

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AS - Australian Dollars; AU - Australian Dollars; BE - Belgian Francs; CA - Canadian Dollars; DM - Deutsche Marks; EC - European Currency Unit; FF - French Francs; F - Dutch Guilder; H - Hong Kong Dollar; L - Luxembourg Franc; Lf - Swiss Franc; M - Mexican Pesos; N - New Zealand Dollar; P - Portuguese Escudo; S - Singapore Dollar; T - Thai Baht; Y - Yen; Z - Zimbabwe Dollar. American exchange: \* - marked order; \*\* - not registered with regulatory authority.

For information on how to list your fund, fax Simon OSBORN at (33-1) 46 37 21 3

Large advertisement for AMEX (American Mutual Exchange) with text: 'China... There Aren't... AMEX... It's never been quite so subtle and so just call our...'









OBSERVER

Sizing Up Downsizing

By Russell Baker

NEW YORK — If your ambition is to be fired, this is a great time to be an American...

whose question doesn't deserve an answer. Enough digressing. What is the shamefully naïve question?

I trust nobody here will think I, personally, would ask a question as stupidly naïve about economics as this.

The ruin seems to result from the downsizing of the national war machine, which results from the end of the Cold War.

It's a little awkward to mention California's need for munitions money. That's because it brings up the highly awkward question of whether Hitler didn't also do us a lot of good by forcing America to arm for World War II.

Until then the Great Depression of the 1930s seemed determined to last forever. Hitler, war and munitions contracts put us back on the track to boom times, especially California, which seemed destined to boom eternally until the eternal Cold War suddenly turned as eternal as everything else.

Downsizing California's defense contract work force has obviously made California lean and mean, though not yet in the clearest-of-the-face style.

Now comes more ominous news for the as-yet unfired. Vice President Gore, who is reinventing government, is reportedly going to call for cutting the federal payroll by some 250,000 jobs.

Putting the axe to the payrollers sounds dandy. After the joy of the axing subsidies, what will the 250,000 latest unemployed contribute to the economy? Not to worry.

The North American Free Trade Agreement, though a threat in the immediate future to the still-employed, will create a new boom in the long run, and, as John Maynard Keynes noted, in the long run we are all dead.

New York Times Service

A National Boycott for Deauville Festival

By John Rockwell

DEAUVILLE, France — Deauville is an elegant Belle Epoque beach resort and horse-racing center in Normandy...

There are also nicely planned retrospectives, this year devoted to Jessica Lange, Richard Fleischer and John Malkovich...

So far, so uncontroversial. Why, then, do a goodly number of French film leaders and cultural politicians treat Deauville (the festival, not the town) as some sort of pariah...

The answer lies with the prickly defensiveness of the French film industry and more generally of its intellectuals, who fear cultural domination by the Americans.

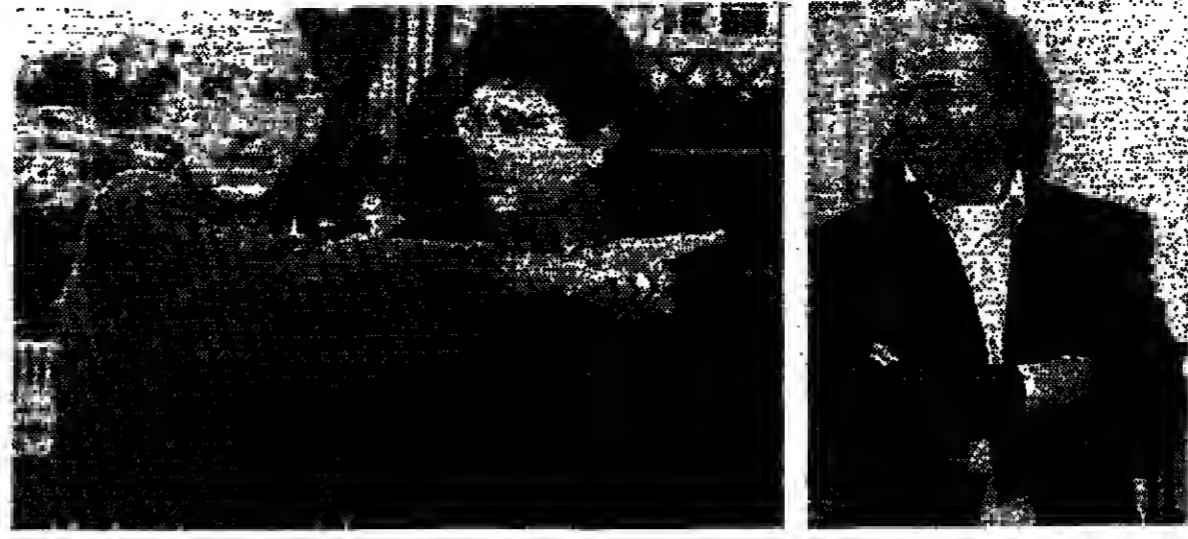
Long before Jack Lang, the former minister of culture, denounced American "cultural imperialism" in a famous speech at Mexico City in 1982, French (and European) intellectuals, leftists or artists or both, disdained commercial American art...

For Jack Valenti, president of the Motion Picture Association of America and a Deauville regular for the last 18 years, his efforts have meant little in the face of, as he sees it, the public's overwhelming preference for American films.

Brandishing a sheaf of statistics in his Deauville hotel room, Valenti claimed that over the last decade, French attendance at American films has held steady, slipping from 70 million in 1983 to 68 million in 1992.

In the same period, however, French attendance for French films dropped from 93 million to 40 million. Although he is too delicate to say so, he implies that the French public has lost interest in those French films so assiduously supported by French officials.

"In France, there are directors who are completely content to be seen by nobody," said Francine Torrent, a Deauville festival



Honored guests, from left: Ben Kingsley and directors Steven Zaillian and Wolfgang Peterson.

official Valenti was characteristically grander in his defense of populism. "I'm not saying all popular movies are great, but to dismiss audiences is to dismiss the collective civic history of your country," he proclaimed.

Deauville offers no prizes and has no market section, or organized arena for the sale of films, as at the Cannes and Berlin film festivals. Most of the big American films — among them this year "Jurassic Park," "Sleepless in Seattle," "The Firm" and "In the Line of Fire" — are about to open in Paris, where they will receive ample publicity.

Why, then, does Deauville bother with this festival? And what has lured Valenti here all these years, and attracted the big Hollywood studios? Columbia, for instance, has 60 people in Deauville this year, said Lionel Chouchan, one of the festival's two directors.

"Deauville is a quieter place than Cannes, or even Venice," Valenti said. "It's a place where journalists can spend time looking at the films, rather than the ambulance. Over the years, our companies have believed more and more that it is an elegant rostrum for them to show their films."

Michael Viner, the producer of a film called "Morning Glory" that has yet to open in the United States and is seeking European sales, said that Deauville offered a less hectic opportunity to attract notice.

"We were offered the Deauville Festival and Cannes, and we thought it might be better at Cannes," he said. "The trick is to get a small film like this to be perceived as a theatrical film."

The Deauville Festival began in 1975 as a venture in civic boosterism, designed to prolong tourism past the end of the horse-racing season. It was founded by Michel d'Ornano, who was then mayor of Deauville. When he moved on to become French minister of culture in 1977, his wife Anne succeeded him as mayor and became the real guiding light of the festival. Her husband died in 1991, and she is still mayor and still the guiding light.

Raised in the United States, she moves easily between cultures. "It's Anne d'Ornano's elegant presence that has made this festival," said Valenti, who was about to depart for his annual birthday party given by her. "Over the years, she's made many friends with key people in the French and American film industries. She's the conscience and the heart of this festival."

Support for the Deauville Festival comes from the city (\$200,000 this year) and from the local casino and hotel chain, in the form of 3,000 free rooms. There are also other private sponsors.

For all of Anne d'Ornano's influence, it is Chouchan and his partner, André Halimi, who run things now. They have also overseen a popular festival of "fantastic" films every year in Avoriaz, in the French Alps, and of detective films in Cognac.

For the next Avoriaz festival in January, Chouchan said, his foes in the Francophone film establishment have staged a coup and will transform that festival into a showcase for young French auteurs. Chouchan plans to take his fantastic films elsewhere in France, but he wouldn't say where.

For Chouchan, the large number of American entries at this summer's Venice Film Festival, the most outspokenly high-brow of the major festivals and persistently anti-American, certifies Hollywood's superiority. "It's proof of the energy of American films," he said. "At Cannes this year, too, the big stars were Schwarzenegger and Rambo. If you like stars, they're American. If you want a film with impact, it's American."

Such sentiments do not endear him or the Deauville Festival to the French intelligentsia, which still stays determinedly clear of this sort of Americana. Le Monde played up the festival, which it called Deauville's annual "peaceful version of the Normandy landings," by emphasizing "El Mariachi" of Robert Rodriguez and its \$7,000 budget. Perhaps the sincerest tribute to Deauville by the French film establishment is that it now supports its counterpart, the Sarasota French Film Festival, in the United States.

Deauville's partisans remain unperturbed by hostility and unafraid in their politeness. "Those who aren't unsettled by Deauville aren't going to defend it, while those who are offended are going to criticize it," Valenti said.

"In art, there are no frontiers, no nationalities," Anne d'Ornano wrote grandly in Sunday's edition of Le Figaro, the most widely read French national daily. "In whose name can anyone arrogate the right to treat American cinema as infantile? Cinema belongs to no one, except to the public whom no one has the right to ignore."

PEOPLE

Jackson Ditches Fans As Tour Winds Down

While Michael Jackson's tour-bus cut through teeming traffic in southern Japan trying to ditch his pursuing fans, South Korea again rejected his bid for a Seoul concert, saying it would be "negative for Korean culture."

Reports of Rosie Perez's marriage to Rocky Sanchez apparently were greatly exaggerated. The only people who knew about "the marriage" are the pranksters who pulled a fast one on the New York Post. The Post retracted its story and blamed it on "complicated phone deception."

Jane Fonda says she was as surprised as anyone that she married the media mogul Ted Turner. "I mean, what I'd heard about him, I thought, oh, man! And I mean he's from the South, you know, Southern men, they're not used to having partners." Asked whether she'll act again, Fonda replied, "I don't think about it. I don't really care, frankly. I wake up some mornings and I think thank God I don't have to care how I look."

The TV host Johnny Carson, the composer and lyricist Stephen Sondheim, the conductor George Solti, the gospel singer Marian Williams and the founder of the Dance Theatre of Harlem, Arthur Mitchell, will receive the Kennedy Center Honors this year for their lifetime contributions to American culture. The five honorees will be celebrated at a big bash at the Kennedy Center on Dec. 5.

Garrick Utley, 53, who recently left NBC News after 30 years, has joined ABC News as its chief foreign correspondent, based in London, replacing Pierre Salinger.

INTERNATIONAL CLASSIFIED Appears on Pages 2, 4 & 10

WEATHER

Weather forecast section including Europe, Asia, Africa, North America, Latin America, Middle East, and Oceania. Includes maps and temperature tables.

CROSSWORD

Crossword puzzle section with clues for Across and Down, and a solution for a puzzle from Sept. 9.

Large advertisement for AT&T with the headline "I wonder if the little guy had fun today?" and details about international calling services.

Advertisement for AT&T Access Numbers, listing international access numbers for various countries.

Advertisement for Bank of Japan, partially visible on the right edge of the page.

Handwritten Arabic text: 150 من الالمن

Handwritten number: 010